

REMARKS

The subject application was filed with Claims 1-20. A restriction requirement provides for three species where Species I (Claims 1-5) is directed to adaptive coding based on statistical information of image frames, Species II (Claims 7-10) is directed to adaptive coding based on comparing a difference of image with an adaptive threshold level, and Species III (Claims 6 and 11-20) is directed to adaptive coding based on motion characteristics of image frames. A provisional election was made by telephone without traverse to prosecute the invention of Species II, Claims 7-10. This reply hereby affirms this election such that Claims 1-6 and 11-20 are withdrawn as being directed to a non-elected invention.

Applicants do not hereby waive any rights to the non-elected inventions and reserve the right to file a continuation application or take such other appropriate action as deemed necessary to protect the non-elected inventions. Applicants do not hereby abandon or waive any rights in the non-elected inventions.

The title of the invention was objected to. A new title is provided in the foregoing amendments to the Specification and is believed to be clearly indicative of the invention to which the elected claims are directed. Acceptance is respectfully requested.

The Abstract of the Disclosure has been objected to. The foregoing amendment to the Abstract provides a corrected Abstract that reflects the claimed subject matter. No new matter has been introduced. Acceptance is respectfully requested.

Claims 7-10 have been rejected under 35 U.S.C. § 112 first paragraph.

The claimed invention as now recited in the amended claims specifies "calculating a difference value from a current image and a prior image in a compare module". See base Claims 7 and 9. The Office Action at hand states on the bottom of page 4 that the specification is enabling with respect to "calculating a difference value from a current image and a prior image in a compare module". Thus the Specification enables a person skilled in the art to carry out the invention commensurate in scope with the claims (Claims 7-10) as now amended in satisfaction of 35 U.S.C. § 112 first paragraph. Acceptance is respectfully requested.

Claims 7-10 have been rejected under 35 U.S.C. § 112 second paragraph. Base Claims 7 and 9 have now been amended to recite "calculating a difference value from a current image and a prior

image in a compare module" consistent with the Examiner's stated interpretation. As such, Claims 7-10 (where Claim 8 is dependent on Claim 7 and Claim 10 is dependent on Claim 9) are believed to particularly point out and distinctly claim the subject matter which Applicants regard as their invention in satisfaction of 35 U.S.C. § 112 second paragraph. Acceptance is respectfully requested.

The invention of Claims 7-10 as now amended is believed to be patentable over the prior art. Upon cancellation of the non-elected claims, correction of inventorship entity of the invention of Claims 7 - 10 (the remaining claims) will be made in accordance with 37 C.F.R. 1.48(b).

### CONCLUSION

In view of the above amendments and remarks, it is believed that Claims 7-10 are in condition for allowance, and it is respectfully requested that the application be passed to issue. If the Examiner feels that a telephone conference would expedite prosecution of this case, the Examiner is invited to call the undersigned.

A general authorization is hereby granted to charge Deposit Account No. 08-2025 for any fees required under 37 C.F.R. 1.16 and 1.17 in order to maintain pendency of this application. A copy of this authorization is enclosed for accounting purposes.

Respectfully submitted,

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